

SOLID WASTE DIVISION CAPITAL IMPROVEMENT PROGRAM

Introduction to Program, Goals, and Highlights

The purpose of the Solid Waste Division capital program is to maintain the transfer and disposal system's ability to meet service demands. The program also ensures that these facilities are maintained and operated in accordance with applicable regulations and in a safe and environmentally responsible manner.

The 2007 capital program includes the staged closure of Refuse Area 6 at the Cedar Hills Regional Landfill. Design will continue for Cedar Hills Refuse Area 7. Design for the Bow Lake Transfer Station Facility Master Plan Implementation project will continue. Construction of the replacement First Northeast Transfer Station began in mid 2006 and will be completed in late 2007. Re-design of the replacement Factoria Transfer Station and upgrades to the Houghton transfer station have been on hold pending completion of the Transfer and Waste Export System Plan. Roofs have been replaced at two sites to address safety and seismic concerns and funding is available for a similar upgrade at Houghton after the First Northeast facility re-opens. These projects represent important steps in the process of providing safe, efficient service, and maintaining a competitive waste disposal business environment.

Project Prioritization Methodology

The highest priority solid waste projects are developed in order to comply with legal requirements such as the King County Board of Health Code (Title 10), Washington State Minimum Functional Standards for Solid Waste Handling (WAC 173-3-4), and Department of Labor and Industries mandates. The methodology used by the Division is based on the following criteria: regulatory mandates, the nature of the projects, and the planning documents such as the Comprehensive Solid Waste Management Plan and the Cedar Hills Site Development Plan. In addition, annual site inspections are performed to determine items to consider in CIP planning or for incorporation into the Capital Asset Maintenance Program (CAMP). The timing of new area and transfer station development and construction are based on facility conditions from these inspections, tonnage projections, and policy direction. Construction is planned to minimize impact on the Division's customers and operations. The replacement or rebuilding of "rolling stock", funded through the Capital Equipment Replacement Program (CERP) fund, is based upon periodic evaluations of maintenance history and projected economic life.

Growth Management and Comprehensive Plan Issues

The CIP program of this division is affected by the Growth Management Act (GMA) and the King County Comprehensive Plan in the following ways: the Division has no specific issues relating to the GMA and concurrency. Projects requested in the Division's 2007 CIP are necessary to address environmental issues, for facility safety enhancement and modernization.

Financial Planning and Policy Overview

Revenue sources supporting the six-year capital program vary by fund and include the following:

The Landfill Reserve Fund (LRF) collects dedicated per-ton fees from waste disposal activities and is used to develop future landfill areas and landfill closure projects. The financial planning for this fund involves identifying future needs at Cedar Hills, then adjusting the per-ton contribution to the LRF to provide the resources necessary to meet these needs. The LRF includes post-closure reserves required for maintaining the site for 30 years after it closes. Projects at the landfill will be fully funded by the per-ton contribution.

The Environmental Reserve Fund is used to fund investigation and remediation costs related to active and closed solid waste handling facilities. The fund was created with a \$17 million transfer from the former Energy Resource and Recovery Reserve Fund and covers its costs with fund balance and accumulated interest earnings. These activities are substantially complete with the activities remaining primarily at South Park pending final reporting of the property sale completed in 2006.

The Construction Fund supports capital improvement projects, primarily in the transfer system, through contributions from the Operating Fund and the proceeds of various bond issuances. The debt service costs of these bond issues are paid through revenues in the Operating Fund earned from disposal fees.

For analysis in nominal dollars, the Division assumes a 3% inflation rate, with the resulting nominal discount rate of 6.1%. The 3% real discount rate represents the opportunity cost of net changes in capital and operating costs over time associated with the choice of proceeding with a capital project, or the rate of return for alternative uses of these funds. The figure also represents an approximate cost of public borrowing (about 6% including inflation). It should be noted that the Division has only engaged in present value analyses of cash flows, as opposed to full cost benefit analyses that attempt to quantify broader societal impacts.

2007 Significant Project Highlights

Bow Lake FMP Implementation: 2007 Requested Budget \$5,523,000

The 2007 budget request will begin to implement the preferred alternative identified in the 2006 Bow Lake Facility Master Plan (FMP). The Draft July 2006 FMP reflects requirements and needs at this high demand transfer station that handles 30% of the total county tonnage at transfer stations and is a key element in the conversion of the County's solid waste management system to waste export.

This project will meet the goals of the 2001 Comprehensive Solid Waste Management Plan and of the draft Solid Waste Export Plan. The project is expected to be completed in 2010, while remaining open to provide commercial customer service at the site throughout construction.

The Bow Lake Transfer/Recycling Station will provide the following:

- Expanded mixed solid waste, yard waste, and recycling capabilities

- Expanded transfer trailer parking
- Separate access and scale facilities for commercial and self-haul customers
- Room for additional facilities and future expansion
- Two stationary solid waste compactors

CERP Equipment Purchase: 2007 Requested Budget \$5,176,000

The Solid Waste Division has identified the need to continue to replace equipment earlier than originally planned primarily due to the increase in tonnage now going through the transfer station system. This, in turn, created an increase in vehicle, equipment and trailer maintenance and service workload. The division maintains an equipment replacement plan and provides long-term financing by making annual contributions to the capital equipment replacement fund which supports the 2007 proposed investment of \$5.18 million in equipment purchases.

Cedar Hills Area 6 Closure: 2007 Requested Budget \$4,476,000

Cedar Hills Area 6 began accepting refuse in Fall 2005. In order to increase the efficiency of the landfill gas collection system and to reduce the generation of leachate, a staged approach to construction of final closure facilities was selected. The Area 6 closure consists of a four-stage construction project between 2007 and 2010 of final cover systems including preliminary and final design and installation of liner, landfill gas, leachate, and surface water control facilities. The 2007 budget request will support the first stage of closure over approximately 50 acres at the Cedar Hills Regional Landfill.

The total 2007 Executive Proposed CIP Budget for the Solid Waste Division is \$23,792,288. The following table displays major projects over \$500,000.

Significant Projects Solid Waste Capital Improvement Program	2007 Executive Proposed Budget	Continuation of Existing Project
Bow Lake Facilities Master Plan Implementation	\$ 5,523,000	X
CERP Equipment Purchase	\$ 5,176,000	X
Cedar Hills Area 6 Closure	\$ 4,476,000	X
Cedar Hills Landfill Environmental System Evaluation & Implementation	\$ 1,712,000	X
SW Construction Default	\$ 1,237,582	X
1ST NE Facility Master Plan Implementation	\$ 1,100,000	X
Enumclaw Seismic Retrofit	\$ 960,000	X
CERP Capital Repairs	\$ 955,000	X
Fund 3901 Contingency	\$ 627,000	X
Fund 3910 Contingency	\$ 520,000	X

Council Adopted Budget

Council made no changes to the 2007 Executive Proposed Budget

CIP Program Accomplishments and Completion Lists

Projects Completed in 2005

013331 CH AREA 6 DEV
013121 CH TELEMETRY IMPLEMENTATION
013122 TS TELEMETRY IMPLEMENTATION

Construction Projects to be Completed in 2006

013336 CEDAR HILLS GW MONITORING WELLS
013330 CH AREA 5 CLOSURE

Construction Projects to be Completed in 2007

013337 CH-RELOCATE FLARE STATION
013015 LFG TO ENERGY
013091 1ST NE FMP IMPLEMENTATION
013005 CH FACILITY IMPROVEMENTS
013072 CH SERVICE SUPPLY IMPROVEMENTS
013333 CH SW IMPROVEMENTS
013073 CH LF EQUIP WASH PLATFORM